

STATINTL

Approved For Release 2003/05/27 : CIA-RDP84-00780R003400080019-9

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DD/S 70-0978

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Inspector General's Report of Survey of the  
Office of Logistics

REFERENCE : Memo dtd 27 Jan 70 for DD/S fr ExDir-Compt, same subj

1. This memorandum is for your information.
2. The following paragraphs are keyed to the recommendations noted. They reflect our views after detailed study of the reference and its attachment.

Recommendation 1c:

Concur. Given the amplification provided in your comment, the Director of Logistics will pursue this matter personally with the individuals concerned.

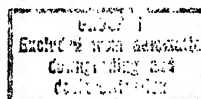
Recommendation 8:

Concur. The Directors of Logistics and Finance are moving on one specific proposal at this time and will continue to concert on other changes which may be feasible prior to full implementation of SIPS.

Recommendation 11:

We urge that, in lieu of delegating contracting authority to an operating official, e.g., the Director of Reconnaissance (who is not ~~otherwise~~ <sup>legitimately</sup> recognized in regulation), the present regulation be amended to conform to the existing situation and thus "legalize" the delegation theory and practice which has worked so well for many years.

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We would propose to revise sub-paragraph a(2) of  along the following:

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"(2) The Director of Logistics shall exercise all the delegable authority of the Director of Central Intelligence as Agency head except as otherwise specifically so delegated by the Director. ~~and the~~ The Director of Logistics shall make recommendations with respect to the exercise by the Agency head of non-delegable authority. The Director of Logistics is authorized to make such further delegation of his procurement authorities as deemed appropriate, as may other officials who have been delegated specific authority for procurement by the Director."

The Director's authority will, with this change, continue to pass to a contracting officer and not be dependent--in the case of NRO related matters--on a new re-delegation from an operating official.

Recommendation 12:

I do not believe that the effectiveness of the Contract Review Board has seriously suffered under the existing "double bat" arrangement. we have not been successful in <sup>getting</sup> gaining approval of earlier requests for ceiling for the positions of Chairman, Contract Review Board and a Board Secretary. <sup>also</sup> Under FY 70 and FY 71 reductions, we cannot afford <sup>to make</sup> dedicated ceiling positions <sup>from</sup> within our own resources. We are currently in process of <sup>adjusting</sup> the procurement organization, including designating the Deputy Director of Logistics as the Chairman of the Agency Contract Review Board; <sup>we</sup> expect <sup>that</sup> this change <sup>will</sup> strengthen <sup>the</sup> activity <sup>s</sup>.

Recommendation 16:

The program which established the independent contracting teams specifies that the logistics careerists on the teams would be "assigned" to operating components and delegated contracting authority in order to perform a contracting function (paragraph 3b and 3d of memo from DD/S to ExDir-Compt of 28 Mar 67).

Thus, I continue to believe, as stated in my <sup>earlier</sup> memorandum of ~~5 December 1969~~ which commented on the Inspector General's report, of the Office of Logistics, that it would not be appropriate to use fitness reports for the logistics careerists who are assigned to

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the independent contracting teams to mean something substantively or organizationally which is different from the other support careerists assigned outside the Support Directorate. I perceive nothing in the experience with the teams which would point to the need for such a change. Further, if we made this move, it would be logical to make similar changes in the preparation and review of fitness reporting on finance careerists, who are certifying officers, security officers who are assigned outside Security, and so on. Therefore, I urge that we continue the present arrangement.

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R. L. Bannerman  
Deputy Director  
for Support

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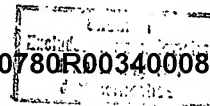
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strengthen this activity.

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Recommendation 16:

I continue to believe, as stated in my memorandum of 5 December 1969 which commented on the Inspector General's report of the Office of Logistics, that it would be unwise to use fitness reports for the Logistics Careerists who <sup>ARE ASSIGNED TO</sup> ~~comprise~~ the independent contracting teams to mean something substantively or organizationally which is different from all the other Support Careerists assigned outside the Support Directorate. I perceive nothing in the experience with the teams which would point to the need for such a change. Further, if we made this move, it would be logical to make similar changes in the preparation and review of fitness reporting on Finance Careerists who are Certifying Officers, Security Officers who are assigned outside Security, and so on. Therefore, I urge that we continue the present arrangement.

R. L. Bannerman  
Deputy Director  
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## 2. PROCUREMENT OF MATERIEL AND NONPERSONAL SERVICES

### a. AUTHORITY

- (1) The Central Intelligence Agency is authorized by law to procure materiel and nonpersonal services, including studies, reports, and the results of research and development, required to accomplish the Agency's mission.
- (2) The Director of Logistics shall exercise all the delegable authority of the Director of Central Intelligence as Agency head and he shall make recommendations with respect to the exercise by the Agency head of nondelegable authority. He is authorized to make such further delegations of his procurement authorities as deemed appropriate.

b. **POLICY.** Within limits imposed by statutes or other authorities external to CIA, the Director of Logistics shall conduct procurement activities and make commitments binding the Government in accordance with standards, arrangements, methods, and terms most advantageous to the Government. Unless security or other considerations peculiar to the Agency's mission require procurement to be carried out in some other manner, it shall be accomplished in general conformity with the procedures and standards by which Federal procurement is conducted by the General Services Administration or the Department of Defense, as evidenced respectively by the "Federal Procurement Regulations" and the "Armed Services Procurement Regulations" as they now exist or may be amended.

c. **RESPONSIBILITIES.** The Director of Logistics is responsible for the development of instructions and guidelines, including technical handbooks as appropriate, for the conduct of Agency procurement activities. These instructions shall include explanations of:

- (1) The nature and precise extent of the procurement authorities that he has delegated, and the titles or names of the persons to whom such delegations have been made;
- (2) Arrangements made with requisitioning components of the Agency, the Offices of Security, the Comptroller, and General Counsel, and the Audit Staff for the participation of those components in Agency procurement activities;
- (3) The records to be prepared, reviewed, or maintained within the Office of Logistics to document administrative decisions regarding individual procurement cases or classes of cases.

### d. UNAUTHORIZED PROCUREMENT ACTIVITIES

- (1) Agency employees shall consult the Office of Logistics before initiating any contracts concerning proposed procurement activity with potential sources of supply, including business and other organizations, institutions, or persons outside the Agency.
- (2) Unauthorized procurement activities by Agency employees, including contacts, negotiations, or commitments, may subject the employees involved to personal liability and disciplinary action.
- (3) Purchases from Government employees are prohibited except with prior approval of the Director of Logistics.

e. **PRECONTRACT CONTACTS.** For security reasons all headquarters personnel shall consult with the Security Staff, Office of Logistics, before initiating any form of contact with commercial firms, universities, or institutions, when the purpose of the contacts is possible or contemplated Agency procurement

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GROUP 1  
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contracts, whether classified or unclassified. This coordination is essential to prevent the compromise of existing Agency contracts of a sensitive or classified nature, and also to ensure that all mail and personal contacts are made in a manner consistent with the proposed sterility of the contemplated procurement action.